



# RESEARCH REPORT

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<b>Date:</b>	October 30, 1996
<b>Subject:</b>	Gila Bend Emergency Medical Services
<b>To:</b>	Maricopa County Board of Supervisors
<b>From:</b>	Sandi Wilson, Chief Resource Officer
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## Issue

The Town of Gila Bend is requesting that the Maricopa County Board of Supervisors provide some financial support to assist in maintaining emergency medical services (EMS) to rural communities in their area.

Without some form of grant/subsidy from Federal, State or County governments, Gila Bend is not sure it can continue supporting the service area with emergency care.

## Executive Summary

The ambulance enterprise currently operates on a combination of revenues from fees and a general fund subsidy from the Town. In FY 1995 Gila Bend sustained a loss of approximately \$60,000 when it took over the EMS enterprise from a private contractor. The Town anticipates subsidizing the ambulance service by approximately \$135,000 in FY 1996-97 unless it receives additional revenues.

The Town operates a small Clinic to handle routine medical services and relies on the ambulance service to transport seriously ill and expectant mothers, as well as accident victims, to hospitals in Phoenix or Casa Grande (depending on proximity). The emergency medical service handles approximately 320 calls a year with 54% of those occurring within the Town limits.

In FY 1993, FY 1994 and FY 1995, Gila Bend received \$40,000 from Maricopa County to defray some of the operating costs for the ambulance service. It currently receives \$5,000 from the Arizona Department of Health Services for operating costs.

In addition to requesting financial assistance from Maricopa County, the Town is pursuing other options to assist with operational costs of the ambulance enterprise:

1. Rate increase to cover costs:

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Gila Bend has submitted a rate increase request to the Arizona Department of Health Services which is currently under review. ADHS has indicated that it will be approving a rate increase to allow for full recovery of operating costs in future fiscal years.

## 2. Improve collection efforts:

Gila Bend estimates that it will be able to recover 65% of operating costs from claims sent to AHCCCS, Indian Health Services (IHS), Medicare and Private Insurers. This in association with the higher billable rates, should result in the emergency medical services enterprise becoming self-sufficient. The Town is also working with AHCCCS, (IHS) and Medicare to improve the payment turnaround on submitted claims.

## 3. Additional Federal and State funding:

Gila Bend anticipates that the proposed NAFTA trade route and "Phoenix Bypass Route" will increase vehicular traffic and, consequently, accident calls on the major Interstate and Highway routes. The Town Manager will be meeting with State Officials to request additional funding for the ambulance operation. He also will be pursuing grant funding through the Governor's Office of Highway Safety.

## 4. Special District funding:

Gila Bend has considered the possibility of special district funding (i.e. Improvement District; Health Services District; Fire District; Hospital District). However, with the low property values and poverty level in that area, the Town Manager does not think that this a viable option. Also, the length of time it would take to establish a special district, makes this a long term solution and not one for solving the immediate funding issue.

*The Office of Management and Budget recommends the following:*

Maricopa County is not legally mandated to fund the ambulance service operating in the Gila Bend area. However, if it decides that it has a "social mandate" to assist in funding certain critical community needs, the Board would have to declare an emergency and approve an appropriation from Contingency.

If the County decides to subsidize the ambulance operation, Staff recommends \$32,000. This is based on the number of accident and non-accident calls occurring outside the Town limits (excluding the Indian Reservation and Interstate Route) as a percentage of total calls - 18.7% of the estimated FY 97 EMS operating costs of \$170,000. The \$32,000 requires a transfer from the Contingency fund. **Also, the funding should be provided to Gila Bend with the understanding that this is one**

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time, and that the Town will continue its efforts in securing other remedies for the future.

## Background

Since December 1994, the Town of Gila Bend has operated a year-round ambulance service comprised of 2 full time, and several part-time, positions serving approximately 2,400 square miles and 5,200 residents (the town limit being 16 square miles with approximately 1,724 residents). The service area extends from Gila Bend and includes 30 miles west to Sentinel, 30 miles east on Interstate-8 to the Maricopa County line, and 14 miles north and 32 miles south on State Route 85. Backup emergency services are provided by the towns of Buckeye and Ajo. This service area was established in conjunction with the Arizona Department of Health Services through a Certificate of Necessity (CON) during the early 1980s. There is no other ambulance services provider operating in the area.

Prior to December 1994, the Town contracted with a private ambulance company for emergency medical services to the area in and around the Gila Bend. The company has since stopped operating in this area due to non-profitability.

Since the Town has only a small Clinic to handle routine medical services, most non-routine and emergency medical services are transported to Phoenix area or Casa Grande hospitals (depending on vicinity of calls). The ambulance service handles approximately 320 calls a year. The following is a breakdown of those services into broad categories:

Within Town Limits	54%
Outside Town Limits	46%
TOTAL	100%
Accident related	21%
Illness/Non-accident related	79%
TOTAL	100%

Additionally, of the 320 calls, approximately 10% are a result of illnesses on the San Lucy Indian Reservation and approximately 18% are a result of accidents on the Interstate (I-8) Route.

Gila Bend's ambulance service is physically located in the center of the most populated area of town in order to facilitate access to the majority of area residents. Most calls

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within the Town limits are an average distance of 2 to 3 miles from the base, with an average response time of 3 to 4 minutes. Most calls outside the town limits are an average distance of 10 miles from town, with an average response time of 15 minutes. Since there are very few calls in extreme outlying areas, there would be no cost benefit to downsizing the service area or consolidating operations with Gila Bend's volunteer fire department.

Without additional revenues with which to operate the EMS enterprise, Gila Bend estimates the following annual deficits:

	<b><u>FY 1996</u></b>	<b><u>FY 1997</u></b>
Annual Operating costs	(\$ 165,922)	(\$ 170,000)
Enterprise Revenues	\$ 25,526	\$ 30,000
ADHS Grant	\$ 8,500	\$ 5,000
<b>Total Annual Oper. Deficit</b>	<b>\$ 131,896</b>	<b>\$ 135,000</b>

In the past, Gila Bend has formally requested and received financial support from the Maricopa County Department of Human Services according to the following:

<b><u>FISCAL YEAR</u></b>	<b><u>REQUESTED</u></b>	<b><u>ALLOCATED</u></b>	<b><u>FUND</u></b>
1992-93	\$40,000	\$40,000	General
1993-94	\$40,000	\$40,000	General
1994-95	\$40,000	\$40,000	General
1995-96	\$10,000	\$0	
1996-97	\$0	\$0	

The Arizona Department of Health Services has also provided some financial assistance. In FY 1988 Gila Bend received a new Ford Ambulance which is no longer in daily operation but is currently outfitted with extraction rescue equipment. Except for FY 1994 and FY 1995 when Gila Bend did not request or receive any support from ADHS, and in FY 96 when they received \$8,500, Gila Bend has received an average of \$5,000 per fiscal year since FY 1989 from ADHS for ambulance operating costs. Gila Bend maintains a backup vehicle acquired through the Forest Service. The Town currently operates a replacement ambulance acquired in 1994.

## **Discussion**

Although Gila Bend is requesting financial support from Maricopa County, it is also pursuing other short and long range options for permanently resolving the issue:

### **1. Rate increase to cover costs:**

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Currently, the Town is authorized by the Arizona Department of Health Services (ADHS) to charge a base rate of \$125 plus \$4.50/mile for ambulance services. This rate has been in effect since 1985. Based on this rate, only \$88,959 of the \$165,922 for operating costs was billable in 1996. This equates to only 54% of the operating costs for the ambulance service. A rate increase request (\$575 base rate and \$11.5/mile) has been submitted to ADHS for approval. ADHS has indicated that they are still reviewing the financial data and agrees that the current rate is too low. Rates must be fair and should allow for recovery of operating costs. In all likelihood an increase sufficient to cover the cost of services will be approved. However, the necessity for Public Notice and possible Hearing may delay any implementation until April 1997, too late to help Gila Bend this year.

## 2. Improve collection efforts:

A) The EMS operating deficit is compounded by the fact that only \$25,526 (15.4% of the total emergency medical costs, or 29% of the billable amount) was collected during FY 1996. However, Gila Bend estimates that approximately 65% of the emergency services provided are billable through either AHCCCS, Medicare, or Private insurers. Applying this to the new rates being considered by ADHS, the emergency medical services should become self sufficient. Only 30% would remain billable to private parties, some of which would be uncollectable due to the poverty level which exists in the rural area.

B) While Gila Bend indicates that they are submitting claims within a reasonable period of time, they are having difficulty receiving prompt payment from AHCCCS. Gila Bend is currently working with AHCCCS to resolve this problem by better training staff in the submission of medical claims.

## 3. Additional Federal and State funding:

A)The Gila Bend Town Manager is scheduled to meet on October 31, 1996 with the Governor's Office and representatives of various state departments to discuss the impact of additional vehicular traffic on Gila Bend resulting from the "Phoenix Bypass Route" and proposed NAFTA trade route. David Howard plans to request additional financial support from the State to assist in the operation of the ambulance service.

B) Although the Town has not done so in the past, the Manager plans to submit federal grant requests to the Governor's Office of Highway Safety in the near future to assist in this area.

## 4. Special District funding:

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State statutes outline several special district funding possibilities: Improvement District (ARS 48-575), Health Services District (ARS 48-2209), Fire District (ARS 48-805), and Hospital District (ARS 48-1903). Any one of these options would provide the Gila Bend area residents the ability to pay for services they need and receive. However, property values are extremely low in this area and the Town Manager indicates it would take several years to collect sufficient funds to support the EMS operation. Gila Bend's current tax rate is \$1.83/\$100 of assessed valuation and raises approximately \$82,000. An additional tax rate of \$1.00/\$100 of assessed valuation would raise approximately \$45,329 per year. This is considered a long term solution, and is not an option for solving the immediate funding problem.

## Conclusion & Recommendations

Although Maricopa County is not legally mandated to fund the ambulance service operating in the Gila Bend area, it may decide it has a "social mandate" to assist in funding certain critical community needs. The Gila Bend emergency medical service may be such a program. If so, the Board would have to declare an emergency and approve an appropriation from Contingency.

If Maricopa County determines it should provide some funding assistance, it should be for FY 1997 **only**, with the understanding that Gila Bend will:

1. implement any increased base and mileage rates approved by ADHS to recover the majority of the EMS operating costs;
2. increase its revenues by working with AHCCCS, Medicare and Indian Health Services to speed reimbursement for submitted claims;
3. continue to work with State officials to receive additional federal grant and state funding to assist with EMS operational costs resulting from the "Phoenix Bypass Route" and the NAFTA trade route; and
4. examine the possibility of a special district to allow area residents to pay for essential medical services.

If the County chooses to subsidize the EMS operation, a suggested formula for determining an appropriate FY 1997 County funding level is based on the number of

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accident and non-accident emergency calls occurring outside the Town limits, excluding the Indian Reservation and Interstate routes - 18.7% of the estimated \$ 170,000 FY 97 expenses - approximately \$32,000. This would require a transfer from the Contingency fund.

This approach would allow the State and Federal governments an opportunity to each provide some level of financial support (27.3%) , while the Town pays for EMS services provided to its residents.

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